

**COMMENTS OF NEWTON, IL.
ILLINOIS COMMERCE COMMISSION WORKSHOP ON RESOURCE ADEQUACY
IN MIDCONTINENT INDEPENDENT SYSTEM OPERATOR (MISO) ZONE 4**

JANUARY 16, 2018 WORKSHOP – HILLSBORO, ILLINOIS

Good afternoon. My name is Mark Bolander and I am the mayor of the city of Newton, population 3000. The City of Newton appreciates the efforts of the Illinois Commerce Commission (ICC) in conducting this important workshop proceeding to consider electric power supply issues in downstate Illinois and, in particular, the market policies and conditions that are adversely impacting power plants that have reliably served downstate Illinois for many years and are important drivers of employment and economic activity in their local areas. We also appreciate the opportunity being provided to downstate Illinois stakeholders such as the City of Newton to provide our views on these issues. We especially want to thank the Commission for scheduling this workshop to be held here in Hillsboro, so that local stakeholders most likely to be impacted by the policies under discussion can express their views.

The City of Newton wishes to express its concern to the Commission about the potential closing of the Newton power station and to express to the Commission the severe adverse impacts this closing would have on our community and the citizens of our community. In considering policy options, it is critical that the Commission – and ultimately, the General Assembly and the Governor – take into account the impacts of policy choices on the power plants that provide jobs, economic stimulus and fiscal support to the State and to local governments in downstate Illinois. The City of Newton strongly urges the Commission to recommend policy solutions such as proposed in Illinois Senate Bill 2250 and House Bill 4141, which will implement changes to the downstate Illinois power markets that will give the Newton power station and other downstate power stations a fair opportunity to compete in the market and remain in operation.

The Newton power station is located near Newton in Jasper County. It has been an economic mainstay for over 40 years. Today the Newton power station employs approximately

95 area residents. We understand that the plant's payroll is approximately 11 million annually. The plant provides good, family-sustaining jobs which are among the best available in our area. Many employees have worked at the power station for many years. Because these employees largely live, and spend much of their income, in the area, the operation of the power station supports many other local businesses and jobs. The Newton power station itself also purchases supplies and services from local businesses that employ local residents. The positive economic impact in excess of \$100 million benefits not only Newton & Jasper County but also the surrounding area including Cumberland, Crawford, Richland, Clay and Effingham counties.

Through their spending in the area, the Newton power station and its employees also pay sales taxes on their purchases. The Newton power station pays Illinois Use Tax on its deliveries of coal from out-of-State sources.

In addition to being one of the largest employers and the largest taxpayer in our community, the Newton power station and its employees are also good citizens of our community. Many of the Newton power station's employees are local community leaders, by taking leadership roles or serving on local government boards and community organizations.

(Alan Bogardus story)

If the Newton power station were to be closed, that would likely initiate a severe downward spiral for our community and the surrounding area. Many employees have worked at the plant for many years and are unlikely to find comparable, well-paying jobs in our area. They will be forced to either leave the area to find new jobs; take lesser-paying jobs in the area, if available; or retire. Local spending for goods and services will be reduced and there will be a ripple effect on local businesses that currently serve the employees and their families and the power station itself. Local businesses in turn may be forced to lay off employees or shut down entirely.

We understand that some feel there is an excess supply of power available to downstate

Illinois and the surrounding areas, including through power imported from plants located in other states, and that as a result, it is not a problem if some or all of the Dynegy plants retire. However, in our community, the Newton power station is well known as a reliable, efficiently operated, low cost producer of electricity. We are not just concerned about the job losses, property tax losses, and other negative economic impacts of plant retirements. We are also concerned about power plant retirements in downstate Illinois resulting in tightening of supply that in turn could produce volatile prices from year to year. Neither our local citizens, nor our local governments, which must budget and set local tax rates in advance, wish to see significant fluctuations in electric prices from year to year. Such fluctuations can make it very difficult for local governments and school districts to budget and can affect our ability to provide the services our citizens expect and deserve.

We also believe it is unwise for downstate Illinois to rely heavily on power plants in other states, that are under the authority of different legislatures and regulatory commissions, to supply the electricity that is needed for our homes and businesses in downstate Illinois. Further, while we accept development of new wind and solar plants in Illinois, we know that their availability is dependent on the wind blowing and the sun shining, which does not necessarily correspond to the times when power is most needed by consumers. Downstate Illinois has power stations that are physically located in our area, were built to serve Illinois homes and businesses, and are reliable producers of power 24 hours per day, 7 days per week, 365 days per year – as well as employing local residents and supporting local businesses and governments as I have described. It makes no sense to let these plants go into retirement – not because they are technologically obsolete or physically ready for retirement, but due to a poorly-designed market – while relying for our power supply on out-of-state plants that were not built to serve Illinois consumers.

Our citizens would be extremely upset if the General Assembly and the Governor failed to act on the proposed Illinois-centered electric capacity market reforms that will provide the

opportunity for Newton power station to remain in operation. Should no action be taken by the General Assembly and the Governor regarding policies impacting the Dynegy downstate plants, our citizens would certainly wonder why the General Assembly and the Governor imposed a 10-year subsidy program on ratepayers to support the Exelon plants, and have enacted a plan to subsidize the construction of new wind and solar plants through long-term guaranteed contracts, but could do nothing to help to keep the Dynegy downstate Illinois plants in operation.

The City of Newton supports the downstate capacity market reforms that have been proposed by Dynegy and are incorporated in House Bill 4141 and Senate Bill 2250. One of the reasons we support these proposed solutions is that they would provide for market reforms, rather than for a ratepayer-funded subsidy like the General Assembly and the Governor have already imposed for the Exelon plants. Under the proposals in the bills, the power plants that would be selected as capacity suppliers for downstate Illinois would be selected through a competitive bidding process on the basis of the prices they bid. One of the core changes these proposals would implement would be that capacity contracts would be awarded three years in advance, rather than three months in advance. This certainly makes economic sense to us, as we understand the need for longer-term planning, beyond just the next fiscal year. This approach will also help to ensure that capacity suppliers to downstate Illinois are making longer-term commitments to serve our downstate power needs.

In conclusion, the City of Newton reiterates its appreciation for the Commission's efforts in studying the important issues relating to long-term power supply and the related local economic impacts in downstate Illinois, and thanks the Commission for the opportunity to provide our comments today.